

BEFORE

THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2005-1-E

SC PUBLIC SERVICE  
COMMISSION  
2005 MAY -3 AM 9:32  
RECEIVED

In the Matter of:	)	
Carolina Power & Light Company d/b/a	)	<b>NUCOR'S REPLY</b>
Progress Energy Carolinas, Inc.'s	)	<b>TO PEC RESPONSE IN</b>
Annual Review of Base Rates for	)	<b>OPPOSITION TO NUCOR'S</b>
Fuel Costs	)	<b>MOTION TO EXTEND</b>

On May 2, 2005, Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. ("PEC"), filed a Response in Opposition ("Response") to a motion made by Nucor Steel – South Carolina ("Nucor") to extend the procedural schedule in this proceeding by two weeks or, in the alternative, one week ("Motion to Extend"). This Reply is to respond to that Response and to correct the record:

1. In its Response in Opposition, PEC incorrectly and selectively states the factual background that led Nucor to file its Motion to Extend. PEC then incorrectly argues that PEC's proposed increase in this case, the largest single proposed fuel rate increase in the history of South Carolina, is "limited in scope" and needs no additional or special scrutiny or review by the Commission or the rate-paying parties (see Response at 6-7). Nucor respectfully submits this Reply in order to correct the record. Due to short time available, Nucor will not attempt to address every matter raised by PEC. Instead, Nucor will focus on the most important issues.

2. The size of PEC's proposed fuel rate increase may be a "distinction without a difference" to PEC (see Response at 6), but it is the most important factor in

this case to the ratepayers and the Commission. PEC's argument that a 90 percent fuel hike does not establish good cause for needing more time in this case ignores reality. It is obvious that the enormous impact of this proposal on consumers not only creates new issues – such as how to fairly and reasonably recover such an increase without extreme rate shock – but also justifies far more intense scrutiny of the historical and projected costs than a proposal not to change the rate or to decrease the rate.

3. Nucor could not file its Motion to Extend earlier in this proceeding because the information justifying it was provided confidentially by PEC to Nucor and Nucor could not disclose the information in a motion to the Commission:

a. In order to determine its interests in this proceeding, Nucor contacted PEC's counsel in late March/early April 2005 to informally and collegially inquire about the anticipated size of PEC's proposed increase. Nucor made the early inquiry to determine whether to intervene in the case, since the deadline for intervention came before PEC filed its proposed increase – under the scheduling order in this case, PEC was not required to make its proposal known until the date of its initial direct testimony, April 27, 2005.

b. During the initial phone discussion with PEC's counsel, Nucor learned that PEC was considering a large proposed increase to its fuel rate. However, in return for sharing such information with Nucor, PEC's counsel orally required Nucor to agree to maintain strict confidentiality about the anticipated proposal until the testimony was filed – a requirement that was orally agreed to and diligently observed by Nucor.

c. Despite cursory knowledge that PEC planned to propose a drastically increased fuel factor, Nucor was obliged in good faith to publicly observe the procedural schedule and was unable to notify the Commission that it had good cause to seek a continuance pursuant to Rule 103-862 until immediately *after* PEC publicly filed its proposed increase on April 27, 2005 -- an obligation that Nucor observed, filing its Motion to Extend on April 29, 2005. As a result, despite claims to contrary, Nucor could not file its Motion any earlier.

d. Furthermore, Nucor, just like all other interested parties, could not reasonably and prudently ascertain its interests in this highly extraordinary and unprecedented fuel case without asking some basic questions and until PEC provided detailed information and exhibits explaining the proposed increase. Because no specific, detailed information was available prior to April 19, 2005, Nucor started on that date to diligently inspect the information PEC provided piecemeal to ORS and the other parties in response to discovery sought by ORS. Nucor had hoped to begin earlier, but it PEC took more time than expected to respond to ORS' discovery. Rather than duplicate ORS' discovery, Nucor waited until it reviewed these discovery responses before it next delivered to PEC Nucor's discovery seeking information it reasonably considered relevant to determining its positions in this case. The discovery requests were delivered to PEC before the close of business (prior to 5 PM) on April 22, 2005 (five days prior to PEC's filed testimony) and are due in good faith by May 2, 2005.

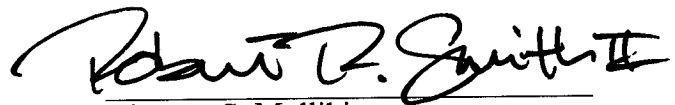
e. Unfortunately, PEC has elected, on its own, to extend its own response time on Nucor's discovery until May 5, 2005. (See Response at 3.) This

unilateral move alone deprives Nucor of three additional days of testimony preparation and alone would justify an extension. (Nucor does not oppose giving PEC more time, Nucor simply wants to make sure that Nucor has adequate time to evaluate the information.)

f. Given PEC's view of this process, Intervenor will need to intervene in future proceedings immediately every year, once the docket is opened, well in advance of the utility's filing, and start off with comprehensive discovery long before they even know what the utility is proposing. We do not think this should be required. However, Nucor now understands that it must follow this course in the future, to avoid accusations of "dilatory tactics."

4. Nucor filed its Motion to Extend in this proceeding two days after PEC filed its direct testimony, *immediately* after the first time PEC notified the public of its intentions to seek a monumental increase to its fuel factor. At no time has Nucor attempted to harass PEC or unreasonably delay the process and is appalled that PEC would repeatedly suggest this. In fact, up to this point, Nucor has taken great pains to cooperate in good faith with PEC.

WHEREFORE, for the foregoing reasons and those set forth in its Motion, Nucor respectfully urges that the Commission grant Nucor's Motion to Extend.

A handwritten signature in black ink, reading "Robert R. Smith II". The signature is fluid and cursive, with a large, stylized initial 'R'.

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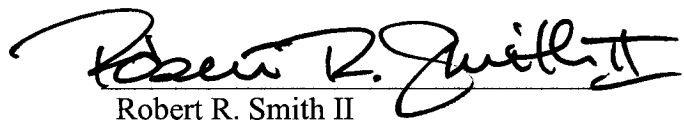
**Certificate of Service**

This is to certify that the foregoing document was served upon the following parties at the addresses set forth by first-class mail, postage pre-paid this 3<sup>rd</sup> day of May 2005:

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